



*Inland Empire Utilities Agency*

A MUNICIPAL WATER DISTRICT

**MINUTES OF THE REGULAR  
MEETING OF  
THE  
INLAND EMPIRE UTILITIES AGENCY  
BOARD OF DIRECTORS**

**WEDNESDAY, JANUARY 18, 2017  
10:00 A.M.**

**DIRECTORS PRESENT:**

Steven J. Elie, President  
Michael Camacho, Vice President  
Jasmin A. Hall, Secretary/Treasurer  
Paul Hofer (via remote teleconference per posting)  
Kati Parker

**STAFF PRESENT:**

P. Joseph Grindstaff, General Manager  
Chris Berch, Executive Manager of Engineering/AGM  
Randy Lee, Executive Manager of Operations/AGM  
Christina Valencia, Chief Financial Officer/AGM  
Joshua Aguilar, Senior Engineer  
Kathryn Besser, Manager of External Affairs  
Sharmeen Bhojani, Manager of Human Resources  
Jerry Burke, Assistant Manager of Engineering  
Javier Chagoyen-Lazaro, Manager of Finance and Accounting  
Warren Green, Manager of Contracts & Facility Services  
Jason Gu, Grants Officer  
Chien Kai Hwang, Operator-in-Training  
Sally Lee, Acting Executive Assistant  
Dave Mendez, Deputy Manager of Capital Improvement Projects  
Richard Mykitta, Manager of Operations & Maintenance  
Joshua Papas, Operator-in-Training  
Jason Pivovarov, Senior Engineer  
Jesse Pompa, Senior Engineer  
Craig Proctor, Source Control/Environmental Resources Supervisor  
Stephanie Riley, External Affairs Analyst  
Michael Rodriguez, Wastewater Treatment Plant Operator III  
Shaun Stone, Manager of Engineering  
Teresa Velarde, Manager of Internal Audit  
April Woodruff, Board Secretary/Office Manager

**OTHERS PRESENT:**

Vivian Castro, CBWCD

A regular meeting of the Board of Directors of the Inland Empire Utilities Agency\* was held at the office of the Agency, 6075 Kimball Avenue, Bldg. A, Chino, California on the above date.

President Elie called the meeting to order at 10:15 a.m., and Director Elie led the pledge of allegiance to the flag. A quorum was present.

President Elie stated that members of the public may address the Board. There was no one desiring to do so.

President Elie asked if there were any changes/additions/deletions to the agenda. Director Elie pulled the 1A. Public Hearing for the Adoption of IEUA Conflict of Interest Code update due to a publication error dealing with the notification. He pulled Action Item 3B, RP-2 MICROTURBINE DESIGN-BUILD CONTRACT AWARD, due to new information provided that needs to be evaluated before it could be presented to the Board for consideration.

### **NEW HIRE INTRODUCTIONS**

Executive Manager of Operations/Assistant General Manager Randy Lee introduced the following new hires:

- Mr. Richard Mykitta, Manager of Operations & Maintenance, hired 1/3/17
- Mr. Joshua Papas, Wastewater Treatment Plant Operator-in-Training, hired 1/9/17
- Mr. Chien Kai Hwang, Wastewater Treatment Plant Operator-in-Training, hired 1/9/17
- Mr. Michael Rodriguez, Wasterwater Treatment Plant Operator, hired 1/9/17

### **1. PUBLIC HEARING**

This item was pulled due to a posting error. The Public Hearing regarding adopting amendments to the IEUA Conflict of Interest Code will take place at the February 15, 2017, IEUA Board meeting.

### **2. CONSENT ITEMS**

President Elie asked if there were any Board members wishing to pull an item from the Consent Calendar for discussion.

Director Elie pulled the December 7, 2016 Board meeting from the Consent Calendar to note corrections, prior to voting.

Upon motion by Director Elie, seconded by Director Camacho, the motion carried (5-0):

#### **M2017-1-7**

MOVED, to approve the Consent Calendar.

- A. Approved the (*corrected*) minutes from the December 7, 2016 Board meeting.
- B. Approved the total disbursements for the month of November 2016, in the amount of \$12,492,332.25.
- C. The Board:
  1. Adopted Resolution No. 2017-1-5, authorizing participation in the Local Agency Investment Fund (LAIF) and designating signatories for the deposit and withdrawal of funds;

#### **RESOLUTION NO. 2017-1-5**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING PARTICIPATION IN THE LOCAL AGENCY INVESTMENT FUND AND DESIGNATING SIGNATORIES FOR THE DEPOSIT AND WITHDRAWAL OF FUNDS** (*for full text, see Resolution Book*)

*Continued...*

**M2017-1-7, continued**

2. Adopted Resolution No. 2017-1-6, authorizing and designating signatories for depository agreement, depository cards, deposits, transfers, checks, and withdrawal of funds;

**RESOLUTION NO. 2017-1-6**  
**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING AND DESIGNATING SIGNATORIES OF DEPOSITORY AGREEMENTS, DEPOSITORY CARDS, DEPOSITS, TRANSFERS, CHECKS, AND WITHDRAWALS OF FUNDS** *(for full text, see Resolution Book)*

3. Adopted Resolution No. 2017-1-7, authorizing and designating signatories for investment agreements, investment authorizations, and investment fund transfers to fund investment transactions; and

**RESOLUTION NO. 2017-1-7**  
**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING AND DESIGNATING SIGNATORIES OF INVESTMENT AGREEMENTS, INVESTMENT AUTHORIZATIONS, AND INVESTMENT FUND TRANSFERS TO FUND INVESTMENT TRANSACTIONS** *(for full text, see Resolution Book)*

4. Adopted Resolution No. 2017-1-8, authorizing and designating signatories for transfer documents for the movement of funds and investment securities to safekeeping with a third-party Custodian.

**RESOLUTION NO. 2017-1-8**  
**RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING AND DESIGNATING SIGNATORIES OF TRANSFER DOCUMENTS FOR THE MOVEMENT OF FUNDS AND INVESTMENT SECURITIES TO SAFEKEEPING WITH A THIRD-PARTY CUSTODIAN** *(for full text, see Resolution Book)*

**D. The Board:**

1. Awarded the consulting engineering services contract for the RP-1 Flare Improvements Project No. EN18006, to LEE & RO, Inc., for the not-to-exceed amount of \$378,030; and
2. Authorized the General Manager to execute the contract.

**E. The Board**

1. Awarded a construction contract for the Headquarters Building A Parking Lot Repairs, Project No. EN16047, to W.A. Rasic Construction in the amount of \$264,138; and
2. Authorized the General Manager to execute the construction contract.

*Continued...*

**M2017-1-7, continued**

F. The Board

1. Approved the consultant contract amendment for additional design efforts for the RP-1 Improvements, Project No. EN14019 to RMC Water and Environment for the not-to-exceed amount of \$68,204; and
2. Authorized the General Manager to execute the amendment.

With the following roll call vote:

Ayes:	Hall, Camacho, Parker, Hofer, Elie
Noes:	None
Absent:	None
Abstain:	None

**3. ACTION ITEMS**

**ADOPTION OF RESOLUTION NO. 2017-1-3 FOR SUPPORT OF THE SITES RESERVOIR PROJECT**

Senior Engineer Jason Pivovaroff gave a PowerPoint presentation on the Sites Reservoir Project. He stated that staff's request is for IEUA's support of San Bernardino Valley Municipal Water District's (SBVMWD) pursuit of acquiring supplemental water from the Sites Reservoir Project. He stated that a few months back, IEUA was approached by SBVMWD with this proposal and after reviewing the project benefits and offering made by SBVMWD, it appears that supporting SBVMWD's positions aligns very well with IEUA local and watershed-wide initiatives. He stated that since 2007, State Water Project water supply deliveries from the Sacramento-San Joaquin Delta has been unreliable and continually limited into Southern California. Mr. Pivovaroff said that in response to these challenges, the CALFED Bay-Delta Program (CALFED), a cooperative Federal and State agency partnership, recommend further study of storage reservoirs located north of the Delta. He reported that the Sites Reservoir was selected as one of the preferred locations. Mr. Pivovaroff mentioned that the Sites Reservoir Project is an offstream reservoir with 1.3 to 1.8 million acre feet of storage capacity that would be filled from several diversions off the Sacramento River. He stated that the water supply benefits have been studied for years and currently estimated to be 500,000 AF per year. Mr. Pivovaroff further stated that 50% of the annual water supply benefit, which is 250,000 AF, is being reserved for public benefit purposes, and the remaining 250,000 AF is being offered for water supply purposes and will be managed to emphasize water supply during drier conditions. Mr. Pivovaroff reported that SBVMWD has begun to actively pursue agreements with the Sites Project Authority (Authority). He stated the Authority is comprised of ten Northern California water agencies and is leading the development and construction of the Sites Reservoir Project. He reported that to date, six Northern California water agencies, along with several others in the Sacramento Valley have agreed to purchase 130,000 AF of the available 250,000 AF of storage at Sites Reservoir. He stated IEUA, along with its retail and wholesale water service providers, recognize the importance of securing new supplemental water supplies for the Chino Basin and the Santa Ana River Watershed; and that supporting a program to secure additional supplemental water supplies, independent of our SWP supply would be beneficial to the region.

Brief discussions ensued regarding support, concerns, and benefits regarding this project.

Upon motion by Director Hall, seconded by Director Camacho, the motion carried (5-0):

**M2017-1-8**

MOVED, to adopt Resolution No. 2017-1-3 in support of San Bernardino Valley Municipal Water District's pursuit of acquiring supplemental water from the Sites Reservoir Project.

With the following roll call vote:

Ayes: Hall, Camacho, Parker, Hofer, Elie  
Noes: None  
Absent: None  
Abstain: None

**RP-2 MICROTURBINE DESIGN-BUILD CONTRACT AWARD**

The RP-2 Microturbine Design-Build Contract Award was deferred until the February 2017 Board Meeting.

**IEUA STANDING COMMITTEE RECOMMENDATION**

External Affairs Analyst, Stephanie Riley reviewed edits and comments from the October 5, 2016 and January 4, 2017, Board Workshops on this matter.

Brief discussions ensued regarding the scheduling of the Audit Committee meeting.

Upon motion by Director Camacho, seconded by Director Hall, the motion carried:

**M2017-1-9**

MOVED, to approve the revised structure for the IEUA Board of Directors' standing committees.

With the following roll call vote:

Ayes: Hall, Camacho, Parker, Hofer, Elie  
Noes: None  
Absent: None  
Abstain: None

**INFORMATION ITEM**

**ROTATION OF BOARD OFFICERS**

Director Hofer stated the he previously requested a review of the process of electing and rotating the IEUA Board officers. He feels it's good to review IEUA's by-laws from time to time. He stated that he understands that the Agency has hired a consultant to review the by-laws, and suggests that the Board of Directors participate in that review. Director Hofer said that he feels strongly about the rotation of officers to go around, to give each District representation on the Executive Board, since each Board member represents specific District, rather than being elected at-large. Director Hofer suggested that this topic be addressed further, either through an Ad Hoc Committee or at a special Board meeting to review and perhaps consult with the person that has been hired to review the Agency by-laws and rules.

General Counsel Jean Cihigoyenetché stated that the current Agency by-laws were prepared in the mid-90s, and hasn't been amended since. He reminded the Board that this was discussed a couple meetings ago, regarding a project underway to prepare an Agency Administrative Handbook, and the by-laws are expected to be a part in parcel of that overall publication. He

stated that the by-laws have been forwarded to the consultant, and he has looked at the by-laws as part of this project and has determined that the by-laws look good overall. He stated, as Director Hofer notes and staff expects, at some point in time, this will be brought before the Board as staff proceeds with this project and review all of the elements of the by-laws and Administrative Handbook for Board input. He said whether the Board prefers a workshop or ad hoc committee, that is a policy decision by the Board.

President Elie stated the question to the Board is do we want to discuss the rotation of officers now, or wait until the consultant is ready.

Director Camacho suggested that the Board wait for the conclusion of the consultant's review.

General Counsel Cihigoyenette suggested that the Board ask the consultant to specifically evaluate the rotation of officers and provide a report to the Board.

President Elie noted that the existing by-laws emanates from the Water Code, therefore; the Water Code should also be reviewed and considered.

Director Parker asked when would the review project be completed. General Counsel Cihigoyenette responded possibly by the end of the year.

The Board requested that the consultant specifically evaluate the rotation of officers, conduct a survey of other like agencies' practices, and provide a report to the Board, upon the conclusion of his findings.

Director Hofer concluded by stating that there are some things that are law, and there are some things that are really a policy strictly of this Board. As a Board member, he would feel more comfortable if items that are governed by State law that cover the Board; and policy matters of this Board specifically are called out, and perhaps if clarification is required on some of the laws, to discuss how it specifically applies, as the Board continues with this issue.

### **BOARD COMPENSATION**

General Counsel Cihigoyenette reported at this time every year, he comes before the Board to discuss Board compensation, for Board meetings, Committee meetings, and other activities of that nature that are compensable under the Ordinance. He stated that it is brought back every year, under Information Items, to establish whether or not the Board is interested in adjusting their compensation. He stated, if so, then a published Ordinance procedure is required, and if the Board declines an adjustment, then no action is required and this matter will be re-addressed the following year. General Counsel Cihigoyenette stated that the last adjustment was approved on May 21, 2014 for \$225.00. He also noted that adjustments can only increase 5% per year, and will not be in effect until the next fiscal year, which is July 1, 2017.

Director Elie commented that he was the one who initially recommended the Board compensation reduction in 2011. He stated that at the time the Agency was asking others to implement cutbacks, and he felt that the Board should follow by example.

Director Hall requested that staff conduct a Board compensation and benefit survey, to be presented to the Board at the February 15, 2017 Board meeting.

### **2017A REFUNDING REVENUE BONDS UPDATE**

Chief Financial Officer/AGM Christina Valencia stated staff conducted some technical analysis yesterday with PFM's group and it is still looking very positive. She said that the Agency went forward with the scenario that the Board approved, which is to use the \$50 million of Capital Construction Reimbursement Account (CCRA) funds to pay down the debt. She reported that based the initial analysis from PFM on January 6, it was evident a portion of using the monies today to pay off debt will provide greatest savings. She stated that the technical analysis from PFM was to check the market to see what trades are happening and the appetite of potential

investors, the Agency's bonds in particular. Ms. Valencia reported that the Agency completed its credit rating review with Moody's and S&P. The Agency received an upgrade from S&P from AA to AA+; however, Moody's held the Agency at a Aa2 rating. She noted that PFM stated that the Agency is in a very good position, the rates are looking favorable, and there is a very narrow spread - which is good. She stated that she will provide an update tomorrow on the numbers - right now, the present value savings are estimated to be between \$20 and \$30 million. Ms. Valencia stated the Agency will be able to shorten the maturity from 22 to 20 years, and as well, and level the debt service payments. She further stated that overall there will be a cash flow savings on an annual basis for the life of the bonds.

### **ENGINEERING AND CONSTRUCTION MANAGEMENT PROJECT UPDATES**

Deputy Manager Jerry Burke provided PowerPoint presentation on the Engineering and Construction Management Project Updates. He gave an update on the Water Quality Laboratory (EN15008), Declaz Monitoring Well Project (EN17067), NRWS Sewer Repair (EN17014.01), 1158 Recycled Water Pump Station Upgrade (EN14042), and the RP-4 Disinfection Facility Improvements.

### **MWD AND DROUGHT UPDATE – STATE WATER PROJECT**

Senior Engineer Jason Pivovarovoff stated that in terms of December/January activities for the MWD water conditions in sales, the Department of Water Resources increased the State Water Project allocation to 45%. He stated this is due to the State snowpack levels being 154% of normal, just under 21" of water equivalent. He reported Northern Sierra precipitation is a 207% of normal at 46". He noted Northern, Central, and Southern Sierras are doing well. Mr. Pivovarovoff reported that Orville water storage is at 80% capacity, and San Luis water storage is at 72% capacity.

Senior Engineer Jason Pivovarovoff continued the mini-series on the overview of the California's State Water Project, focusing on Edmonston Pumping Plant.

### **AGENCY REPRESENTATIVES' REPORTS**

#### **SAWPA REPORT**

Director Hall reported that the Commission meeting agenda was routine in nature. She reported the Commission discussed IEUA Brineline Extension, and new SAWPA officers were elected – Ms. Susan Longville, Chair – Mr. Ron Sullivan, Vice Chair – Director Jasmin Hall, Secretary/Treasurer.

#### **MWD REPORT**

Director Camacho had nothing further to report.

#### **REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT**

The January meeting was cancelled. The next meeting is scheduled for February 2, 2017.

#### **CHINO BASIN WATERMASTER REPORT**

The December meeting was cancelled. The next meeting is scheduled for January 26, 2017

## **5. GENERAL MANAGER'S REPORT**

General Manager Joseph Grindstaff reported that the Board Room will be under renovation during the month of March and April; therefore, the meetings that usually take place in the Board Room will be conducted in the Event Center. He also reported that flood control is concerned of not having enough space to perform flood responsibilities, and asked if the Agency would remove water from some of the basins, which will be done. He stated with the anticipated two storms arriving next week, we're expecting a lot of water. He reported that there are plans to release water from San Antonio Dam and diverting it into the Chino Basin. Mr. Grindstaff announced that a consultant recommended that the Agency consider a Chief Information Officer, due to the overall increase in cyber hacking. He noted that he will be bringing this item to the Board. Mr.

Grindstaff said the State Board will continue with their current conservation standards, until the Governor issues a new Executive Order.

### **BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS**

Director Hofer asked if there is a way to measure the by-passed storm water.

Director Elie asked staff to present an information item reporting how much storm water has been captured and how much has been by-passed to the February 15 Board meeting

### **BOARD OF DIRECTORS' COMMENTS**

Director Elie reported that on January 11, he was interviewed by a reporter from KCBS/KCAL on the recent storm and its impact on the drought, which was then televised on the evening news.

### **CLOSED SESSION**

The Board went into Closed Session at 11:25 a.m., A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION: (1) Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010; (2) Martin vs. IEUA, Case No. CIVRS 1000767; (3) Mwembu vs. IEUA, Case No. CIVDS 1415762; B. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR: (1) Supplemental Water Transfer/Purchase, Negotiating Party: General Manager P. Joseph Grindstaff, Under Negotiation: Price and Terms of Purchase C. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: One (1) Case; D. PURSUANT TO GOVERNMENT CODE SECTION 54956.8(d)(4) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION; INITATION OF LITIGATION: Two (2) Cases; E. PURSUANT TO GOVERNMENT CODE SECTION 54957 - PERSONNEL MATTERS – PUBLIC EMPLOYEE PERFORMANCE EVALUATION: Board Secretary/Office Manager

The meeting resumed at 1:20 p.m., and General Counsel Jean Cihigoyenetché stated that the below-mentioned matters were discussed in Closed Session, and the Board took the following actions:

Regarding Conference with Legal Counsel – Existing Litigation:

Martin vs. IEUA, Case No. CIVRS 1000767

The Board took no reportable action.

Regarding Conference with Legal Counsel – Existing Litigation:

Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010

Mwembu vs. IEUA, Case No. CIVDS 1415762

The Board did not discuss.

Regarding Conference with Real Property Negotiator:

Supplemental Water Transfer/Purchase

The Board took no reportable action.



Regarding Conference with Legal Counsel – Anticipated Litigation; Initiation of Litigation:

Case #1

The Board took no reportable action.

Regarding Conference with Legal Counsel – Anticipated Litigation; Initiation of Litigation:

Case #2

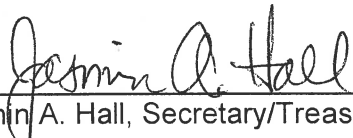
The Board did not discuss.

Regarding Personnel Matters – Pubic Employee Performance Evaluation

Board Secretary/Office Manager

The Board took no reportable action.

With no further business, President Elie adjourned the meeting at 1:22 p.m.

  
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Jasmin A. Hall, Secretary/Treasurer

**APPROVED: FEBRUARY 15, 2017**